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C O N F I D E N T I A L SECTION 01 OF 04 NICOSIA 001691

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TAGS: [PGOV](#) [PREL](#) [ECON](#) [EAID](#) [PINR](#) [TU](#) [CY](#)  
SUBJECT: TURKISH CYPRIOT CABINET UNVEILED

REF: A. NICOSIA 1607  
[1](#)B. 05 NICOSIA 760  
[1](#)C. 05 NICOSIA 1869  
[1](#)D. NICOSIA 203  
[1](#)E. DIXON/CLEGG-TRIPP EMAIL (09/20/2006)  
[1](#)F. NICOSIA 959  
[1](#)G. NICOSIA 977

Classified By: Ambassador Ronald L. Schlicher, reasons 1.4 (b) and (d).

[1](#)1. (C) SUMMARY. Turkish Cypriot "PM" Soyer has unveiled his new cabinet, a coalition with the newly-formed Freedom and Reform Party (OP), which has replaced the DP of former "FM" Serdar Denktash as the center-left CTP's junior governing partner. The new cabinet contains some new faces -- most notably OP leader Turgay Avci as "FM" and "Deputy PM" -- but is unlikely to produce any major shifts in policy, either domestically or on the Cyprus problem. Most observers agree that by ditching the obstreperous Serdar in favor of a wobbly, politically untested partner like OP, Soyer has strengthened his grip on the levers of power. The new cabinet is expected to push forward on CTP's plans for "public administration reform," which Soyer says will rationalize how the "TRNC" is run, but which critics point out will further concentrate patronage power in CTP's hands. This reshuffle has been badly received by the Turkish Cypriot public, caused friction within the CTP, and put a definitive end to whatever honeymoon the party may have still enjoyed after winning recent elections with a pro-reform, pro-settlement platform. END COMMENT.

CTP TIGHTENS IT GRIP  
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[1](#)2. (C) "TRNC PM" Ferdi Soyer announced his new cabinet on September 25; the new "government" took office after it was approved by "President" Talat the following day, and is expected to be officially ratified by the Turkish Cypriot "parliament" within a week or so. The new cabinet is a coalition between Soyer's (and Talat's) center-left CTP and the newly-created OP -- a motley crew of four right-wing "MP" defectors led by Turgay Avci, as well as assorted other local politicians and activists, who coalesced into a party earlier in the month. The sudden appearance of the OP provided the CTP (whose 25 "MPs" leave them just shy of a majority in the 50-seat legislature) with an alternative to their previous junior partner, the DP of outgoing "FM" Serdar Denktash -- and led to speculation that the CTP, and perhaps the ruling AKP in Turkey, had engineered the whole thing to get rid of Serdar (ref a).

[1](#)3. (C) The new cabinet leaves the CTP in control (more or less) of the portfolios it held during the last "government," and (more or less) gives OP the keys to "ministries" previously occupied by DP. CTP insiders tell us that the goal of their coalition talks with OP was to keep the previous 7-3 balance generally intact, but to open the way for "public sector reform" which the DP had previously

blocked. In exchange for being plucked from obscurity and offered high-profile seats in the "government," the OP has apparently agreed carte-blanche to CTP proposals to "streamline and rationalize" several "ministries" and sub-cabinet departments. Critics point out, however, that this rationalization has, in effect, concentrated budgetary power and patronage machinery in the hands of the CTP.

14. (C) For example, the DP-run "Ministry of Agriculture and Forestry" has been split in two, with the CTP assuming control of the "Agriculture Ministry" and the OP taking over a newly-created "Ministry of Environment and Natural Resources." This will give the CTP a greater say in farming and farm subsidy policies -- which should help the party make inroads among villagers in the rural heartland, who have always been skeptical of the CTP's center-left, pro-settlement rhetoric. The newly-created Environment "Ministry" will have some say in, for example, doling out construction permits. But significant authority in this field remains with the CTP's Interior "Minister," so the OP will presumably not be able to block project permits for CTP allies without a fight. (Construction permits for their respective cronies were a major source of friction between CTP and DP.) The former CTP-run "Ministry of Youth and Sports" has been abolished, but that body's lucrative licensing authority over sports betting (not to mention the "TRNC State" Lottery) is expected to be moved to the "Prime Ministry", and thus remain in CTP hands. Similarly, the Tourism Fund that was previously controlled by the "Economy and Tourism Ministry" (which drew its money from casino licensing and other fees, and was spent entirely off budget to support tourism projects -- at the discretion of Serdar's notoriously corrupt DP) will be folded into the regular budget overseen by Finance.

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#### CABINET LINE-UP AND NEWBIE BIOS

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15. (SBU) The "ministers" who remain unchanged include the following (whose bio information was reported when they were first appointed in 2005, ref b):

- "Prime Minister" Ferdi Soyer (CTP);
- "Finance Minister" and coordinator of foreign aid Ahmet Uzun (CTP);
- "Interior Minister" Ozkan Murat (CTP);
- "Transportation Minister" Salih Usar (CTP);
- "Health Minister" Esref Vaiz (CTP);
- "Labor Minister" Sonay Adem (CTP); and
- "Education Minister" Canan Oztoprak (CTP).

16. (C) New faces in the cabinet are:

- "Foreign Minister" and "Deputy Prime Minister" Turgay Avci (OP). Born in Larnaca in 1959, Avci (av-JEE) is a long-time Embassy contact. He studied engineering at the American University of Beirut, and later took graduate degrees in administration and management from Cukurova University in Turkey and Eastern Mediterranean University in Famagusta, where he served for many years as Vice Rector, head of the Management Department, and Director of the Tourism School. He is married with 2 kids and speaks English (well enough to such slang as "aw, c'mon man") and Arabic (less well). Avci was a latecomer to politics. He was first elected to "parliament" on the anti-settlement UBP ticket in 2003, and reelected in 2005. Ostensibly a nationalist, he nonetheless insists he is a "moderate" on the Cyprus problem, and encouraged his son to attend a USG-sponsored bicomunal

summer camp in Colorado in 2006. When the UBP suffered a leadership crisis in 2005 (refs c and d), the ambitious Avci hoped that fellow Famagustan, former "PM" and party power broker Dervis Eroglu, might eventually back him for the party's top job -- a hope boosted by Avci's 2006 appointment to the heir-apparent position of SYG. But Avci appears to have given up on the UBP in recent months when it became clear Eroglu would not back him as successor to outgoing leader Huseyin Ozgurgun. His sudden decision to defect, form OP, and join forces with the CTP (which came at a convenient time for the ruling party) has led to charges that Avci is a political opportunist who accepted bribes to make his move. These allegations, Avci's vaguely twerpy appearance (think Principal Rooney from "Ferris Bueller's Day Off"), and the fact that he had zero name recognition outside Famagusta until a few weeks ago all suggest that Avci will have a difficult time attracting support to the embryonic OP, serving as a counterbalance to CTP within the coalition, or contributing significantly to the "TRNC's" efforts to gain support from abroad.

-- "Minister of Tourism and Economy" Enver Ozturk (OP). Born in 1964 in Gaziantep, Ozturk studied law in Istanbul and is married with two kids. He is one of the few mainlanders to occupy a prominent office in the "TRNC." This, and the fact that several of his party's other founding members are also non-Cypriot Turks, has fueled speculation that Turkey's ruling AKP is quietly backing OP in hopes of creating a pliant "settler" party to do its bidding on the island. But Ozturk, who has a well-deserved reputation as a nationalist wingnut, seems an unlikely tool of the Islamist AKP. He was once a prominent member of the far-right MAP (which is arguably even further on the nationalist fringe than its mainland sister party MHP), and remained a favorite of the kooky Volkan Newspaper when he crossed to UBP, where he became D/SYG. Most recently, Ozturk was the lead attorney in the UBP's "Supreme Court" case against the "TRNC's" new property law (earning him further scorn from AKP -- ref e and f), although he issued a public statement sheepishly back-tracking his opposition to the law once it became clear he would be joining the "government" which had drafted it. Ozturk may prove a difficult interlocutor on issues of concern to the USG, such as CyPEG-sponsored sustainable tourism initiatives or better regulation of the casino and off-shore banking industries. Several CTP insiders are privately uneasy with their party's decision to partner up with Ozturk, and say they are already preparing to "work around him" in the new "government."

-- "Minister of Agriculture" Onder Sennaroglu (CTP). Born in 1957, Sennaroglu is a relative newcomer to the CTP. Long an establishment man, he worked for years at various "state"-run

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agricultural credit organizations, then fit neatly on the nationalist UBP ticket when he was first elected to "parliament" in 1998. Like many other Turkish Cypriots, however, he saw the writing on the wall as anti-Denktash, pro-settlement opinion began to pick up steam in 2003, and he resigned from the UBP. Recognizing that he could be viewed as a friend to the farmers, however, CTP recruited him to run again in 2005, this time on their ticket, and he won a seat for the party in the traditionally hostile Iskele/Karpas region. Sennaroglu reportedly won this appointment after threatening to quit CTP if he was not given a "ministry," which would have complicated the party's parliamentary math. Soyer's decision to give into Sennaroglu's "blackmail" has reportedly caused some friction in the CTP, home to many other jealous aspiring "ministers." Sennaroglu is unlikely to take a forward-leaning stance on potentially controversial issues like subsidy reform or agricultural exports to the EU through the south (ref g), where higher-ups will still call the shots for political reasons.

-- "Minister of Environment and Natural Resources" Asim Vehbi (OP). Born in 1966 in Nicosia, Vehbi received his BA in

business from Northern Michigan University in Marquette, and later earned an MA in international relations at Lefke in north Cyprus. He speaks English very well and is married with two children. Although he dabbled in politics (he was a member of Serdar's DP until recently), and worked briefly as a manager at a textile company, Vehbi has spent most of his career in the Turkish Cypriot higher education sector; he has with little apparent background or expertise on environmental questions. His most recent position was at Girne American University, where he coordinated the school's marketing and staff/faculty recruitment efforts, an uphill task for the gregarious Vehbi, whose young university is saddled with amateurish management and a fly-by-night reputation. Sources close to Talat tell us that Vehbi was appointed because he is a Cypriot, not a Turk like so many others in OP, and the CTP wanted to deflect accusations that it was giving over too much influence to settlers or their alleged backers in AKP. Nonetheless, his management background suggests Vehbi might have the makings of a competent interlocutor who could help improve the Turkish Cypriots' ability to absorb foreign aid -- especially from the EU, which plans to spend significant portions of its promised package on environmentally-related projects. It is interesting to note, however, that one week prior to the "government" reshuffle, Vehbi applied for the Political Section's vacant Turkish Cypriot FSN position -- an odd contrast to the high-flying post to which he has just been appointed. This could be interpreted as evidence of the dearth of meaningful job opportunities for ambitious English-speaking Turkish Cypriots, proof that Vehbi's appointment was designed to ensure the "ministry" was controlled by a relative political light-weight who would be unable to challenge the CTP -- or both.

#### COMMENT

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17. (C) It is unlikely this cabinet will introduce any major policy shifts on issues of concern to the United States. The UN process, the Cyprus problem, relations with Europe and the U.S., and other key foreign policy matters have traditionally been controlled by the "President," whose status as the universally and directly-elected representative of the Turkish Cypriot community gives him the authority and legitimacy to speak in fora where the "FM" of the unrecognized "TRNC" would not be welcome. As was the case with Serdar, "FM" Avci is likely to remain sidelined with relatively marginal tasks like representing the "Turkish Cypriot State" at the OIC or drumming up potential diplomatic support in Africa, Azerbaijan, or Central Asia.

18. (C) Meanwhile, most of the "ministers" with whom the Embassy has developed good working relationships remain in place -- such as Education "Minister" Cenan Oztoprak, a key interlocutor for CyPEG's workforce development project, or Finance "Minister" Ahmet Uzun, an increasingly helpful contact for our AID mission in his capacity as coordinator of incoming foreign assistance. Ozturk (who replaces a good Embassy contact, Dervis Deniz, at Economy) is a wildcard who could play a counterproductive role on issues like casino regulation, intra-island trade, and harmonization with the EU acquis. But since CTP seems set to call even more shots in the new "government" than it did in the old one, Soyer, Uzun, or even Talat may turn out to be the real decision-makers on sensitive issues that used to fall under Economy when Serdar was in charge.

19. (C) The paucity of new faces in the "government" belies the seriousness of this cabinet reshuffle, which has seen power concentrated in CTP's hands to an unprecedented extent -- and produced an equally novel situation in which nobody

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from the Denktash clan occupies high office in the "TRNC." But the reshuffle will have a political cost for all involved. Public reaction to the new "government" has been overwhelmingly negative, with Turkish Cypriots assuming the

worst about CTP's thirst for power, Avci's ambition and lack of conviction, and AKP's readiness to interfere in local politics the way successive Turkish governments used to do in the bad old days. Many observers are convinced Soyer ditched Serdar, with the blessing of Erdogan, in order to pave the way for unacceptable Turkish "concessions" to the EU on the opening of ports -- and accuse the AKP and CTP of preparing to sell out the Turkish Cypriots.

¶10. (C) Even within the CTP there are those, including Talat, who quietly question the wisdom of a move that could spur UBP and DP to unite into a more effective opposition, invite a response from Denktash and the "Deep State," or simply tarnish CTP's popularity over the long term. In any case, the honeymoon for the party -- which was elected on a platform of reunification with the Greek Cypriots and internal reform -- is over. END COMMENT.

SCHLICHER